

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:

Application by BellSouth Corporation,
BellSouth Telecommunications, Inc.,
and BellSouth Long Distance, Inc.
for Provision of In-Region, InterLATA
Services in Louisiana

CC Docket No. 97-231

**DECLARATION OF KAY D. SPEERSTRA
ON BEHALF OF LCI INTERNATIONAL TELECOM CORP.**

I, Kay D. Speerstra, do hereby declare and state:

1. I am employed by LCI International Telecom Corp. ("LCI") as Project Manager for Unbundled Network Elements ("UNEs"). I have 14 years of experience working in the telecommunications industry. Before joining LCI, I was employed for 12 years by U.S. Signal in Grand Rapids, Michigan. U.S. Signal was a regional long distance carrier that in 1995 began to provide local exchange service in the Grand Rapids area over its own facilities, in competition with Ameritech Michigan. I was part of the project team that established U.S. Signal's local service network and local exchange service business in Michigan. My principal area of responsibility was in the development of systems to measure, record and bill local service usage.

2. LCI entered the local exchange services market in late 1996 in Illinois, and over the past 11 months, has gradually expanded its operations into 13 states and the District of Columbia, including several states in BellSouth's region. LCI's business plan for local services is to enter first as a reseller of local exchange service in those markets where it currently has a substantial presence as a provider of long distance services. LCI chose to pursue resale as an entry strategy in order to more quickly gain a market presence and develop essential experience in the local services business. Resale, however, is not LCI's principal long-term competitive strategy, given the thin margins between the wholesale and resale rates and LCI's inability as a reseller to offer any differentiated products.

3. LCI's business plan therefore calls for it to transition as quickly as possible from resale to providing local exchange services and exchange access over unbundled network elements purchased from the incumbent local exchange carriers ("ILECs") at cost-based rates. Since LCI does not presently have any of its own local network facilities and does not currently have the resources to build such facilities in each of the states in which it wishes to compete, LCI's plan is to provide end-to-end local exchange services and exchange access over a combination of network facilities purchased from the ILECs. My job as UNE Project Manager is to begin implementing that portion of LCI's business plan.

4. One of my first tasks toward that goal was to prepare a test plan to present to selected ILECs pursuant to which LCI could begin to test the systems and procedures that the ILECs had in place for ordering and provisioning

unbundled network elements in combination. The test plan I prepared was submitted to BellSouth and other ILECs. A copy of that test plan and my submittal letter to BellSouth dated July 18, 1997, is attached hereto as Exhibit A.

5. The test plan was structured in two phases. The first phase would be limited to a small number of lines at a regional LCI sales office. (In the case of BellSouth, we proposed the Atlanta sales office, although in subsequent discussions with BellSouth I indicated our willingness to do it in another BellSouth state, if Georgia was not convenient to BellSouth.) Our plan was designed to test and verify BellSouth's manual and electronic procedures for ordering and provisioning a combination of unbundled network elements consisting of local loops and local switching, and transport over BellSouth's interoffice network using the existing routing instructions in the switch for the transport and termination of local calls.

6. The test also called for exchange of billing records to determine if LCI would be provided with all of the detail necessary to enable LCI to (a) bill its end-users who received service over the unbundled network elements, (b) bill BellSouth for reciprocal compensation for calls originated by BellSouth customers and terminated to an LCI customer whose service was provided over the unbundled elements, and (c) bill interexchange carriers for originating and terminating access charges for long distance calls originated by or terminated to LCI's customer. LCI also wanted to be able to test and verify the accuracy of the bills that BellSouth would submit to LCI for its purchase of UNEs.

7. The second phase of the test was to be expanded to a production-like environment using actual, but "friendly" customers (including LCI employees), who would be placing orders for a wider variety of services. LCI believed it was necessary to undertake this two-phased trial to determine whether the ILEC had in place the necessary operation support systems ("OSS"), including appropriate electronic interfaces to those systems, to enable LCI to offer local exchange service and exchange access on a full-scale commercial basis over a combination of UNEs.

8. BellSouth did not respond to LCI's test plan. I thereafter made several telephone calls to BellSouth concerning the plan, and was eventually able to arrange a conference call with various BellSouth representatives in mid August of 1997. In that conference call, the BellSouth representative claimed not to understand LCI's proposal for the test of combined UNEs, nor LCI's business plan with respect to the use of combined UNEs. Consequently, I agreed to send a follow-up letter to BellSouth further explaining these issues, which I did on September 2, 1997. A copy of that letter to BellSouth is attached hereto as Exhibit B.

9. BellSouth responded by letter dated September 10, 1997, a copy of which is attached hereto as Exhibit C. BellSouth claimed in its letter that LCI's proposed use of unbundled loops, unbundled local switching and common transport over which to provide local exchange service was considered to be a "recombination" of elements for which BellSouth would charge resale rates, rather than the cost-based rates required by the Act. BellSouth claimed in its

letter that it did offer individual UNEs "in a manner that allows CLECs to combine them," although there was no explanation given by BellSouth as to how that was being done.

10. Because I was not certain whether the letter I had received from BellSouth accurately stated BellSouth's position on UNEs, I had LCI's President of Local Services, Anne Bingaman, escalate this issue to BellSouth's Vice-President of Sales and Interconnection Service, Joe Baker. Ms. Bingaman wrote a letter to Mr. Baker dated September 24, 1997, a copy of which is attached hereto as Exhibit D.

11. In her letter, Ms. Bingaman once again outlined LCI's business plan for use of combined unbundled elements. She objected to, among other things, BellSouth's apparent refusal to provide UNEs to LCI at cost-based rates, and she renewed LCI's request to move forward as soon as possible with a test of combined UNEs as had been proposed in my test plan submitted to BellSouth nearly three months ago.

12. BellSouth responded by letter dated October 7, 1997, a copy of which is attached hereto as Exhibit E. In that letter, BellSouth argued that it was under no legal obligation to provide combined UNEs to LCI, and that LCI would have to combine any UNEs it purchased from BellSouth if LCI wanted to provide finished telephone service over those UNEs.

13. Given what has been received from BellSouth to date, it is apparent that BellSouth is not willing to provide combined UNEs to LCI at cost-based rates in a manner that will enable LCI to compete with BellSouth for local

exchange service, nor does BellSouth have any established procedures by which it is capable of providing UNEs to LCI so that LCI itself can combine them. I have reviewed the various manuals and materials that BellSouth has provided concerning UNEs, and no where in those materials is there any description of any established systems, processes or procedures pursuant to which BellSouth is making UNEs available to competitive carriers in a manner that would allow the CLECs to combine them.

14. LCI will not be able to carry out its business plan to enter the market via combined UNEs. BellSouth's refusal to provide combined UNEs to LCI, and its restriction that LCI cannot combine the UNEs itself to offer end-to-end local exchange services without paying resale rates, are strategies that are designed to foreclose, and will foreclose, the early development of cost-based local competition in every state in BellSouth's region.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief. Executed this 25th day of November in McLean, Virginia.

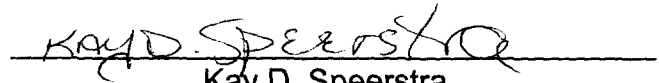

Kay D. Speerstra

EXHIBIT A

LCI International®

Worldwide Telecommunications

Anne K. Bingaman
Senior Vice President
President, Local
Telecommunications Division

July 18, 1997

VIA FAX

Mr. Joseph M. Baker
Sales Vice President, Interconnection
Mr. Ken Enman
Marketing
Mr. Drew Parker
Project Manager
BellSouth Telecommunications, Inc.
675 W. Peachtree St., #4429
Atlanta, GA 30375

Dear Messrs. Baker, Enman & Parker:

Attached for your review is the test plan for the UNE platform trial between LCI and BellSouth. LCI is interested in conducting a full and complete test of the network platform arrangement. This industry has much to learn, and we look forward to this opportunity to gain important operational experience. We believe that this test plan is consistent with what other new CLECs have been running.

I invite BellSouth to a meeting on August 6, 1997, or before, between our staffs to fill in specific dates and any additional details you require. You can call me at your earliest convenience at (703) 610-3878 or page me at 1 (888) 503-0251.

Sincerely,

KAY D. SPEERSTRA
Kay D. Speerstra

attachment

KS:slg

cc: Anne Bingaman

**UNBUNDLED NETWORK PLATFORM TEST PLAN
SUBMITTED BY LCI INTERNATIONAL
TO BELLSOUTH**

SCOPE OF TEST

This test between BellSouth and LCI is designed to jointly trial the processes and capabilities needed to order, provision and bill for a combination of Unbundled Network Elements ("UNEs"). LCI intends to use a configuration that combines the "common transport," switch and non-discriminatory access to BellSouth's interoffice network employing the existing routing instructions in the switch for the transport and termination of local calls. The test will proceed in two phases:

- (1) an initial test limited to LCI lines; and
- (2) a field trial involving actual third party end-users.

PHASE 1

Phase 1 will test elements on a very limited basis. LCI will use a small number of lines (20 or less at each location) belonging to our sales office in Atlanta, and possibly one other site. The test will contain as many variables as this small sample allows, but may not contain all available choices. It is designed to test basic procedures. The test will last long enough to allow bills to be rendered and reviewed by all parties. It is our intention that even though bills are rendered, no payment will be made for service of any kind during Phase 1 of the trial.

OBJECTIVES

We need to be able to test and verify the following:

- ☐ Manual orders placed for the purposes of testing the network functionality
- ☐ Exchange of daily usage containing all details necessary to allow LCI to render accurate bills to:
 - ◊ End-users
 - ◊ Other IXCs (both originating and terminating)
 - ◊ BellSouth for reciprocal compensation
- ☐ Trouble reporting/resolution/escalation procedures
- ☐ BellSouth billing to LCI for both accuracy and timeliness. This would include the suppression of billing that, in a UNE environment, belongs to LCI -- not BellSouth. We also need to test the billing for the specific UNE elements both recurring and non-recurring. LCI is interested in jointly billing access services based on the single bill/multiple tariff option.
- ☐ The ability to route intraLATA toll traffic to the LCI POP for completion
- ☐ An order to Add/Change/Delete service submitted electronically by EDI. This needs to include the ability to check order status and receive confirmations. We need to establish that this can be done at parity with BellSouth's own retail customers.

We will need the trial data transmitted to us separately from our current production data. We may also need additional data from BellSouth to allow us to verify the data that we receive.

LCI will want to test four types of orders:

- (1) An "as is" conversion (*i.e.*, a customer keeps the exact same set of features that comprise the existing service arrangement).
- (2) Installation of new service.
- (3) A conversion where the end-user adds or deletes services, including vertical or class features.
- (4) A conversion of complex customers. This may include PBX, Centrex, ISDN, ADSL or MDSL features.

We also desire to test selective routing and/or custom branding on OS/DA type calls on a set of lines.

During any of the above scenarios it is important for our customer to see service quality at parity with that which an BellSouth direct customer would see for the following call types:

- ☐ Direct Dial local
- ☐ IntraLATA 800
- ☐ Operator services
- ☐ Directory assistance/411
- ☐ E911 or 911
- ☐ 900/976 (unless blocked)
- ☐ interLATA 8XX
- ☐ 1+ long distance
- ☐ 10XXX
- ☐ International
- ☐ FGA/B/D
- ☐ InterLATA
- ☐ 700
- ☐ 500

LCI requests that, during and at the end of Phase 1, BellSouth be available to review progress or results as needed.

PHASE 2

The purpose of Phase 2 is to test all the same elements as Phase 1 but at the next level. We will want to test the process end-to-end in a "production like" environment. For this test, we will be using actual customers with a much wider variety of services.

LCI will also want to test compatability across the different switch types that exist within BellSouth's network. LCI understands that all switches of a type may not be on the same software load. We anticipate using several hundred lines for this test. As with Phase 1, we will want the test to last long enough to render and verify the subsequent billing.

Phase 2 will commence after LCI is satisfied that all issues from Phase 1 have been adequately addressed.

B

EXHIBIT B

LCI International®
Worldwide Telecommunications

Anne K. Bingaman
Senior Vice President
President, Local
Telecommunications Division

September 2, 1997

Via Facsimile — 205-977-0037

Ms. Pam Kruse
BellSouth
3555 Collinnade, Room E4E1
Birmingham, AL

Dear Ms. Kruse:

This letter is in follow-up to the test plan that I sent to Drew Parker on July 18, 1997, and to the telephone conference call that Rocky Unruh and I had with you and various other BellSouth representatives on August 14, 1997.

As you know, LCI is currently providing local exchange service as a reseller in several states in BellSouth's region. As LCI has previously advised BellSouth, LCI plans to begin offering local exchange and exchange access service in BellSouth's region over a combination of unbundled network elements obtained from BellSouth, in a configuration that has come to be known as the "UNE Platform."

The platform that LCI intends to use consists of the following combination of network elements: loops, local switching, and access to BellSouth's interoffice network for the transport and termination of calls (*i.e.*, "shared transport"). Using this platform, LCI would rely on the pre-existing algorithms in the switch for routing local exchange and interexchange traffic. LCI would share with BellSouth (and other unbundled local switching purchasers) the existing trunk ports for purposes of routing local calls, and originating and receiving toll calls. Local calls to or

September 2, 1997

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from LCI's local customers would be routed over the shared trunk ports on to the existing interoffice network, pursuant to the existing routing instructions in the switch.

As the provider of local exchange service to its end-user customers over this UNE Platform, LCI would collect reciprocal compensation for termination of local calls, and would pay reciprocal compensation to the terminating carrier for local calls originated by LCI's end-user customers. As the provider of exchange access, LCI would collect access charges from the interexchange carriers of interexchange calls originated by or terminated to LCI's end-user customers.

LCI's right to compete using the UNE Platform described above was most recently confirmed by the FCC in its Third Order on Reconsideration in the Local Competition docket (CC Docket No. 96-98), and in its Memorandum Opinion and Order on Ameritech's section 271 application (CC Docket No. 97-137). While LCI is anxious to begin competing for local service with the UNE Platform, it first needs to undertake a trial of the operational support systems that BellSouth has in place for the ordering, provisioning, and billing of the combination of UNEs, including BellSouth's capabilities to provide the information that will enable LCI to bill reciprocal compensation and access charges to interexchange carriers. The test plan that I sent to Drew Parker on July 18, 1997 describes the type of operational trial that LCI wishes to undertake with BellSouth.

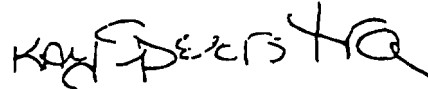
We trust that this letter will provide BellSouth with sufficient information concerning LCI's request such that BellSouth can respond and move forward with the test LCI has requested. If BellSouth needs any further information, please do not hesitate to call me. I look forward to hearing from you as soon as possible.

Ms. Pam Kruse

September 2, 1997

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Sincerely,

A handwritten signature in black ink, appearing to read "KAY SPEERSTRA". The signature is stylized with a large, looped "K" and a trailing "H" at the end.

Kay Speerstra

UNE Project Manager

KS/lgp

cc: Anne K. Bingaman

Rocky Unruh

EXHIBIT C



BellSouth Interconnection
Room South E4E1
3535 Colonnade Parkway
Birmingham, Alabama 35243

September 10, 1997

Kay Speerstra
UNE Project Manager
LCI International
8180 Greensboro Drive
McLean, VA 22102

Dear Ms. Speerstra:

This letter is in response to your letter of September 2, 1997, and follow-up to the conference call of August 14, 1997.

The platform that LCI intends to use for combining unbundled network elements has been determined to be "recombination". Recombination is the practice of combining unbundled network elements to mirror tariffed offerings. Rulings by the 8th Circuit Court have not required BellSouth to combine individual UNE's. BellSouth does, however, offer individual UNEs in a manner that allows CLECs to combine them. Additionally, BellSouth will continue to offer individual UNEs in an un-separated fashion as required by the FCC Order (51-315 b). This means, for example, that BellSouth will continue to provide all of the components of the loop (feeder, distribution, NID, etc.) in a combined manner.

In response to the 8th Circuit Court ruling, BellSouth is charging resale rates for unbundled elements ordered in combination that replicate a tariffed offering. If you have any further questions, please call me on 205-977-1445.

Sincerely,

Pam Kruse
Systems Designer

D

EXHIBIT D



Anne K. Bingham
Senior Vice President
President, Local
Telecommunications Division

September 24, 1997

VIA FAX

Mr. Joe Baker
Vice President - Sales
Interconnection Service
BellSouth
675 W. Peachtree St., NE
Atlanta, GA 30375

Re: UNE Platform

Dear Mr. Baker:

As you know, LCI is currently reselling local exchange service in several states in BellSouth's region. As we have previously advised BellSouth, LCI's business plan is to begin offering as soon as possible local exchange and exchange access service in BellSouth's region over a combination of unbundled network elements obtained from BellSouth in a configuration that has come to be known as the "UNE platform."

In pursuit of our business objectives, LCI appointed a project manager for the UNE platform, Kay Speerstra, in June of 1997. On July 18, 1997, Ms. Speerstra sent to Drew Parker of BellSouth an Unbundled Network Platform Test Plan, proposing to establish a test between our two companies of the processes and procedures for, among other things, the ordering and provisioning of a combination of unbundled network elements. A copy of Ms. Speerstra's letter and test plan is enclosed.

When we did not get a response from BellSouth to our test plan, Ms. Speerstra made several telephone calls to Mr. Parker, and Mr. Parker thereafter set up a conference call with BellSouth representatives on August 14, 1997. During that conference call, BellSouth's representatives, including Mr. Parker and Systems Designer, Pam Kruse, claimed to not fully understand LCI's description of the UNE platform, and asked that LCI detail its position to BellSouth in writing. Pursuant to that request, Ms. Speerstra sent a letter to Ms. Kruse dated September 2, 1997, a copy of which is also enclosed. As you can see, Ms. Speerstra's letter outlines the UNE platform that LCI wishes to establish in BellSouth's region.